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# Setting Global Defense Strategy in the Face of Uncertainty

**U.S.** global defense strategy is at a critical juncture. After seven years of conflict and with a change of president imminent, new options should and surely will be considered. This calls for reasoned analysis of alternatives *before* a new national defense strategy is set. Policymakers are well aware of this imperative because of recent history in which the United States grossly underestimated the risks and costs of the global war on terrorism and the decision to go to war in Iraq.

Any such analysis should help decisionmakers to assess all major implications—expected and potential results, costs, and risks—of alternative strategies, side-by-side. Strategic analysis must be comprehensive, candid, and realistic; and it must confront head-on the multifaceted uncertainties of the emerging security environment. A pair of new monographs from the RAND Corporation offers an analytic framework for responding to that challenge.<sup>1</sup>

This framework makes use of three methods that enable any large complex enterprise to set sound strategy in the midst of turmoil, be it a diversified corporation in roiling markets or the U.S. Department of Defense (DoD) in fluid global security conditions:

- using the perspective of *operating units* to determine needed capabilities and resources from the specific objectives derived from a given strategy
- treating national defense as requiring a *portfolio* of capabilities that can be set and shifted to adapt strategy for better results and more acceptable costs and risks

<sup>1</sup> Paul K. Davis, Stuart E. Johnson, Duncan Long, and David C. Gompert, *Developing Resource-Informed Strategic Assessments and Recommendations*, and David C. Gompert, Paul K. Davis, Stuart E. Johnson, and Duncan Long, *Analysis of Strategy and Strategies of Analysis*. These two reports build on earlier, acquisition-focused work documented in *Portfolio-Analysis Methods for Assessing Capability Options*, by Paul K. Davis, Russell D. Shaver, and Justin Beck.

## Abstract

In today's fluid global security environment, assessing the costs, risks, and likely consequences of alternative national defense strategies is as difficult as it is essential. Two new companion RAND reports present an approach designed to help decisionmakers conduct disciplined strategic analysis before setting a strategy. Able to manage both uncertainty and differences of strategic perspective, the approach permits simultaneous comparison of the expected effectiveness, risks, and resource implications of proposed strategies. Three illustrative strategies are used to demonstrate how it works.

- linking strategy shaped by external conditions with *core strengths* to improve the prospects for success.

## A Sketch of the Approach with Illustrative Strategies

The United States faces multiple challenges to national security. Terrorist threats from Islamist extremists are of obvious concern. China is rising as an economic, geopolitical, and military power. Russia seeks to re-exert de facto control over adjacent countries. New nuclear states potentially threaten international peace, as well as U.S. allies and interests. These challenges compete for attention and finite resources; any responsible global strategy must address them all. Yet priorities and specific objectives will differ, and strategic choices must be made analytically.

To demonstrate their approach, the authors sketched three illustrative strategies based on different assumptions. Each of the three involves different objectives and requirements. All are defined relative to a baseline—roughly, the U.S. defense strategy being pursued before the conflicts in Iraq and Afghanistan. All include substantial forces

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and investments. The strategies highlight national choices as defense budgets tighten. Although only sketches, these alternatives show how this sort of sound strategic analysis would work. They follow, each based on a different “given” about the nature and severity of security challenges:

- **Global War on Terrorism/Counterinsurgency (GWOT/COIN)**

*Given:* The primary threats to the United States are terrorism related to insurgency and terrorism in and from the Muslim world. Local states will not be able to deal with these threats on their own, so the United States will need to continue to intervene with its own forces. This implies the need for increased ground forces and an emphasis on capabilities for irregular warfare, with less emphasis on maritime and aerospace forces for traditional conflicts.

- **Build Local, Defend Global**

*Given:* Although the threat of Islamist terrorism is primary, capable local states and their forces are the best way to defeat them. The United States should help build indigenous capacity with security assistance and foreign aid, while also cultivating local and global alliances. U.S. forces should be used when vital national interests are directly threatened or no local alternatives exist. The emphasis, then, should be on aid, diplomacy, off-shore and long-range forces, capabilities for decisive action and deterrence, and specialized military units for training and assistance. Capabilities and preparations for ground intervention and subsequent prolonged stabilization operations should receive less weight.

- **Respond to Rising China**

*Given:* The primary security challenges in the long run are the expansion of Chinese power in East Asia and the growing potential for crises in that vital region. To avoid presenting a vacuum that China might fill at the expense of U.S. interests, the United States should modernize and maintain maritime and aerospace capabilities. At the same time, it should pursue opportunities for Sino-American cooperation. The principal aim should be a stable, peaceful relationship with a responsible China. Maintaining global capabilities generally should also be a priority. The threat of terrorism and insurgency in the Muslim world should be dealt with primarily through law enforcement, security assistance, and training, but with a smaller investment in aid than the preceding strategy involves.

### **Aligning Objectives, Capabilities, and Resources Within a Given Strategy**

It is one thing to conceive of a strategy and quite another to assess the results, costs, and risks it might bring. The RAND

approach introduces the innovation of using the perspective of *operating units* (a term borrowed from the world of large diversified corporations). The DoD’s operating units are its regional and global combatant commands (COCOMs), which are chiefly responsible for executing national defense strategy. A given strategy can be translated into objectives for each COCOM—for example, finding and eliminating terrorist cells, building more effective local partners and forces, and deterring Chinese use of force. These objectives in turn imply needed capabilities. In the past, COCOMs have provided the DoD with lists of their priorities. But efforts to align responsibilities, needed forces, and resources have been weak and inconsistent. The suggested approach would bring COCOM needs much more sharply into line with capabilities and funding.

One way to do that is to clarify all of the forces, support, investments, and resources required to enable each COCOM to achieve its objectives under each of the strategies being compared. Each strategy can thus be viewed as having a particular portfolio of capabilities to address competing strategic goals. A given portfolio may stress—potentially with increased risk—some COCOMs’ objectives at the expense of others. For example, *GWOT/COIN* gives priority to ground forces needed by U.S. Central Command (CENTCOM), whereas *Respond to Rising China* prioritizes capabilities required by U.S. Pacific Command (PACOM) to deter war in the western Pacific. By estimating the dollars and other resources needed to provide these capabilities, the costs of a strategy can be revealed *before* it is adopted. This same operating-unit reasoning can also be used to assess in advance the expected results and risks of alternative strategies.

Associating costs with COCOMs’ needs does not mean that Congress should begin to channel funds directly to COCOMs instead of the armed services—Army, Navy, Marine Corps, and Air Force. The services not only supply capabilities to the COCOMs and incur the corresponding costs, but are the repository of invaluable and abiding competence and military knowledge. Historically, each service has set its own priorities. But with COCOMs now recognized as the users of capabilities, their objectives and corresponding demands (as indicated by a given global strategy) should determine the need for resources and how they are allocated. The result should be seen as a *partnership* between the services and COCOMs.

### **Iterating Strategy to Achieve a Better Portfolio**

While each strategy may have a primary concern, each must have a concept of how it will deal with multiple objectives worldwide. After all, the danger of Islamist terrorism will not vanish with the rise of China, and vice versa. Corners can

be cut, but any strategy under consideration must somehow attend to all known challenges, as well as to those unforeseen. Recognizing this, the RAND approach provides a means of iterating strategy to improve expected and potential results, lower costs, and mitigate risks. RAND's *Portfolio Analysis Tool* allows senior decisionmakers to compare alternative strategies to the baseline and to each other *visually*—not only at a high level, but in detail. It equips leaders to insist on exploratory analysis addressing the myriad of “what-ifs.” The outcome may be a hybrid strategy with no unacceptable shortfalls, fewer risks, and a different set of costs.

In the past, strategic analysis had to wait for actual results and would often take years: A new administration might pursue a strategy without appreciating its consequences, making corrections later—sometimes too late. The RAND approach, in contrast, permits objectives, costs, and risks to be balanced in broad outline while strategy is being considered.

### Integrating Global Strategy and National Strengths

Successful enterprises—from Great Britain in the 19th century, to the United States during the Cold War, to Toyota today—are good at linking their distinguishing core strengths with strategies shaped by external conditions. Where there is a mismatch, the choice is between revising the strategy to be more realistic or developing new core strengths. Some believe, for example, that the U.S. Army and Marines Corps should focus on developing long-term counterinsurgency capability. Others believe that the United States is ill-suited for such a manpower-intensive role and instead should favor a strategy

that plays to its technological prowess. Some believe that the United States, lacking a national police force, may be less effective than partners such as France and Italy in training the police of troubled nations. Others believe that building the competence to provide such training is highly desirable. Such issues should be debated and resolved when establishing strategy.

### The Landscape of Potential Strategies at a Glance

Ideally, leaders will consider alternative strategies and then mold one that both meets national needs and exploits national strengths. The RAND approach offers decisionmakers the ability to see the implications of many strategies in a single glance, in common terms, before they set a course. Consider the three illustrative strategies. The chart below shows a general “scorecard” in which each strategy is characterized by the results expected for each COCOM, as well as the anticipated level of risk and cost. For brevity, only two—PACOM and CENTCOM—are shown, along with one specific measure of risk and then the overall risk. The assessments are purely notional.<sup>2</sup>

In practice, such assessments depend on a host of arguable assumptions. Consequently, the approach allows for “drill-down” views so that policymakers can visit and adjust those assumptions. An unusual and important element of the

<sup>2</sup> In other applications of the approach, there would be a column for a strategy's upside potential as well, in addition to the risks and costs.

### Condensed Top-Level Comparison of the Illustrative Strategies

	COCOM Assessments		Risk		Costs	
	PACOM	CENTCOM	Simultaneous War	Overall Risk	Extra DoD Costs (\$B)	Extra U.S. Government Costs (\$B)
Baseline	Bad	Marginal	Bad	Bad	NA	NA
GWOT/ COIN	Bad	Good	Very bad	Very bad	425	513–1,816
Build Local, Defend Global	Marginal	Marginal	Bad	Marginal	–69	342
Respond to Rising China	Very good	Bad	Marginal	Bad	267	372

■ Very bad  
■ Bad  
■ Marginal  
■ Good  
■ Very good

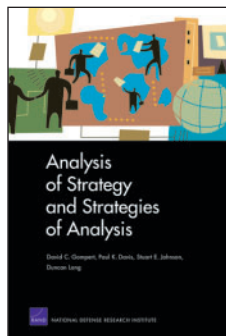
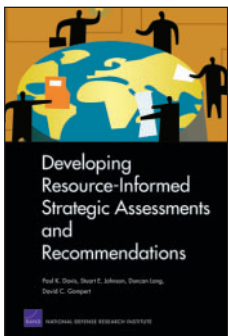
NOTES: Costs beyond baseline, including the extraordinary costs of wars and similar operations (net present value). DoD's baseline costs are projected at \$16,500B (net present value).

methodology is that it develops assessments of the strategies under consideration for different “viewpoints,” enabling leaders to iterate and rebalance to address the risks associated with the many judgments underlying strategic planning.

Because real-life events seldom follow the expected course, the ultimate intent of the RAND approach is to encourage final strategies that are flexible, adaptive, and robust. A critical part of defining a good global strategy is building in the potential to shift emphasis, capabilities, and resources among COCOMs as changing circumstances dictate.

## The Foundation for More Effective Defense Planning Is Already in Place

Fortunately, although some of the concepts and methods suggested by the approach are new, they do not require major upheaval within the DoD. The prodigious analytic capabilities that the department currently uses to support *implementation* of national defense strategy can, and should, equally be employed to support the *choice* of strategy as well. As for use of the COCOM perspective, the authors see the approach as a natural next step in improving jointness, while enhancing partnership between the services and COCOMs. ■



This research brief describes work done for the RAND National Security Research Division documented in *Developing Resource-Informed Strategic Assessments and Recommendations*, by Paul K. Davis, Stuart E. Johnson, Duncan Long, and David C. Gompert, MG-703-JS (available at <http://www.rand.org/pubs/monographs/MG703/>), 2008, 202 pp., \$40, ISBN: 978-0-8330-4502-7; and *Analysis of Strategy and Strategies of Analysis*, by David C. Gompert, Paul K. Davis, Stuart E. Johnson, and Duncan Long, MG-718-JS (available at <http://www.rand.org/pubs/monographs/MG718/>), 2008, 96 pp., \$30.50, ISBN: 978-0-8330-4503-4). The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors. **RAND®** is a registered trademark.

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